

BILL # HB 2524

TITLE: drug and alcohol treatment district

SPONSOR: Chabin

STATUS: As Introduced

PREPARED BY: Eric Billings

FISCAL ANALYSIS

Description

This bill would create Drug and Alcohol Treatment Districts to provide drug and alcohol abuse treatment programs through regional behavioral health authorities. The bill also creates diversion programs that are to be administered by Drug and Family Courts and provides training for law enforcement officers to deal with individuals who abuse drugs or alcohol.

The bill allows an additional tax on all alcoholic beverage categories of \$3.50 per gallon to provide funding for the aforementioned programs, if approved by the Drug and Alcohol Treatment District Board created in this bill.

Estimated Impact

The General Fund currently receives \$28.6 million in liquor revenues. The increased tax rate on liquors will likely decrease consumption and lead to lower General Fund revenues. The impact to the General Fund, however, cannot be determined in advance.

Based on current consumption, this tax would provide \$610 million annually in revenues for the Drug and Alcohol Treatment Districts.

Analysis

Currently, a tax is collected for liquor, beer, and wines. The tax rates currently in statute for these categories differ with liquors taxed at the rate of \$3 per gallon, beer at \$0.16 per gallon, and wine at \$0.84 per gallon.

In FY 2008, a total of \$64.6 million was collected from the liquor taxes. Of this, \$28.6 million was deposited into the General Fund, \$24 million into the Corrections Fund, \$8.6 million into the Drug Treatment and Education Fund, and \$3.4 million into the Corrections Revolving Fund.

The increased tax rate will likely result in lower consumption and lower revenues to the General Fund as well as the other funds that currently receive revenue from liquor taxes. The exact impact to the General Fund can not be determined due to the difficulty in estimating the consumer's reaction to the tax increase. The proposed tax increase would equate to a \$1.97 increase in the price of a six pack of beer, \$0.69 increase for a fifth of liquor, and \$0.69 increase for a bottle of wine.

The Department of Revenue estimates the revenue generated from an additional \$3.50 per gallon tax on all liquor categories to total \$610 million annually. The revenue generated by each category would equate to \$32.2 million from liquor, \$523.6 million from beer, and \$54.2 million from wine. This estimate assumes consumption does not change; however the increased cost due to the tax is likely to decrease consumption.

Local Government Impact

None